

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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SUBJECT: DEVELOPMENTS IN SOCIAL PROPERTY SECTOR

REF: LIMA 1653

1. ON APRIL 19, GOP INAUGURATED PERU'S FIRST SOCIAL PROPERTY ENTERPRISE "NORMETAL EPS". THIS COMPANY WILL PRODUCE SPECIAL POWER TRANSMISSION TOWERS FOR DOMESTIC CONSUMPTION. THE PRESIDENT OF THE NATIONAL SOCIAL PROPERTY COMMISSION, ING. ANGEL DE LA CASAS GRIEVE, SWORE IN THE NEW PLANT'S MANAGERS AND EMPLOYEES IN A CEREMONY IN CHIMBOTE APRIL 19. "NORMETAL EPS", WITH A CAPITAL OF S.45 MILLION, AND A WORK-FORCE OF 178 PERSONS, IS THE FIRST EPS TO GO INTO OPERATION, AND WILL USE EQUIPMENT AND SPACE OBTAINED FROM THE "CORPORATION PERUANA DEL SANTA", THE FORMER STEEL-IRON ORE COMPLEX OF THE GOP.

2. ON APRIL 23, THE OFFICIAL GAZETTE ALSO ANNOUNCED THAT "MANAGEMENT COMMITTEES" FOR FIVE NEW EPS WILL BE SET UP SHORTLY. THESE COMPANIES INCLUDE: "MADERAS INAMBRI" (A WOOD PROCESSING PLANT TO PRODUCE WOOD PRODUCTS AND RAILROAD TIES) NEAR CUZCO; AN ALUMINIUM TUBE PLANT FOR
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THE PRODUCTION OF REFRIGERATOR COOLING SYSTEM COILS IN TRUJILLO; THE "PERUVIAN ELECTRONIC COMPLEX", AN ELEC-

TRONIC PLANT IN ARQUIPA; "NEUMATICOS ANDINOS EPS", A TIRE PLANT IN TACNA; AND "TEXTILES PIURA", A PLANT FOR THE PRODUCTION AND SALE OF COTTON PRODUCTS IN PIURA.

3. COMMENT: THE CREATION OF "NORMETAL" DREW HEADLINES FROM THE GOP-DOMINATED PRESS WHICH COMMENTED FAVORABLY ON THE CREATION OF THE SOCIAL PROPERTY SECTOR'S FIRST ENTERPRISE TO GO INTO OPERATION. NORMETAL WAS ORGANIZED LAST FALL, PRIOR TO THE ANNOUNCEMENT OF THE SIX OTHER SOCIAL PROPERTY ENTERPRISES "IN FORMATION", REPORTED REF-TEL. IT IS NOT CLEAR HOW MUCH OF THE NEW ENTERPRISES' CAPITAL COMES FROM NEW SOURCES, AND HOW MUCH HAS BEEN OBTAINED FROM THE ASSETS OF THE SANTA CORPORATION WHICH WERE OBTAINED BY THE GOP. IT MAY BE RECALLED THAT THE SOCIAL PROPERTY LAW EMPHASIZED THAT IN MOST INSTANCES NEW COMPANIES WOULD NOT BE FORMED FROM EXISTING COMPANIES BUT WOULD BE CREATED FROM NEW ASSETS. "NORMETAL EPS" MAY BE THE EXCEPTION THAT PROVES THE RULE, SINCE ALL THE OTHER EPS WHOSE FORMATION HAS BEEN OR WILL BE ANNOUNCED SHORTLY ARE NEW COMPANIES, NOT ENTERPRISES RECONSTITUTED FROM FORMER FIRMS. IN THIS REGARD, DURING RECENT PUBLIC DIALOGUE WITH GOP MINISTERS, GOP PUBLISHED RESPONSES TO VARIOUS QUESTIONS ON SOCIAL PROPERTY, WHICH NOTED, INTER ALIA, THAT GOP HAS S/.3 BILLION (\$70 MILLION) IN HAD FOR INVESTMENT BY THE STATE IN THE SECTOR. PRIVATELY, HOWEVER, SOCIAL PROPERTY OFFICIALS INFORM US THAT IT IS NOT YET CLEAR THAT THE GOP WILL BE ABLE TO INVEST THIS TOTAL AMOUNT DURING THE PRESENT TWO YEAR BIENNIUM.
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